

FIXED ASSET INVENTORY POLICY

POLICY

It is the policy of Woodbury County to have a comprehensive fixed asset inventory system. The Woodbury County Auditor shall be responsible for developing, implementing and maintaining the fixed asset inventory.

SCOPE

All property of Woodbury County which is non-consumable, has a value exceeding the threshold per fixed asset classification defined below, and a life expectancy of more than one year, shall be included in the fixed asset inventory.

CLASSIFICATION/THRESHOLD

Fixed assets shall be classified in one of the five major groups of land, building, improvements other than buildings, machinery and equipment and construction in progress. An asset will not be reported in the General Fixed Asset Account Group (GFAAG) unless the value of the asset is equal to or exceeds the following threshold by classification:

<u>Classification</u>	<u>Threshold</u>
Land	any land retained for County Use
Buildings*	\$ 5,000
Improvements other than buildings	50,000
Machinery and Equipment	1,000
Construction in progress	any construction amount incurred during a fiscal year meeting the above thresholds

*Improvements to buildings will only be capitalized if deemed a major improvement or addition.

VALUATION

Fixed assets purchased with governmental fund expenditures should be recorded at historical cost and reported in the GFAAG. The amount in GFAAG should equal the purchase price or construction costs plus other costs necessary to place the asset into intended use.

- Trade-ins* new asset is reported at its fair market value (cash plus trade-in allowance) per generally accepted accounting principles; the value reported in the governmental fund purchasing the asset will use the "net" method; in the "net" method, value equals the cash paid.
- Gifts assets given to the County will be reported in GFAAG at fair market value (an amount determined mutually by the seller and purchaser).

*Invoices for trade-ins should indicate the purchase price and trade-in amount allowed.

PHYSICAL INVENTORY

Physical inventories will be taken periodically by staff of the Woodbury County Auditor to provide support for the value of general fixed assets reported in the financial statements.

PURPOSE

The purpose of this policy is:

- A. To comply with Governmental Accounting, Auditing and Financial Reporting (GAAFR).
- B. To have an inventory of Woodbury County property for the purpose of better management of County assets.
- C. To have inventory data available in the event of fire or other natural disaster.

Board Approved: 2-18-97 Larry D. Clausen
Larry D. Clausen, Chairman

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